

SBA ECONOMIC INJURY DISASTER LOAN & EMERGENCY ADVANCE

On December 21, 2020, Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (COVID relief law) to provide additional relief to small businesses and their employees struggling as a result of the COVID-19 pandemic.

***** NEW TARGETED FUNDING FOR EIDL EMERGENCY ADVANCE GRANTS *****

The COVID relief law provides an additional \$20 billion of targeted funding for the Small Business Administration's (SBA) economic injury disaster loans (EIDL) emergency advance grants.

***** CHANGES TO ELIGIBILITY, INTERACTION WITH PPP LOANS *****

The emergency grants of up to \$10,000—which were previously discontinued after SBA ran out of funding—**will only be open to eligible applicants located in low-income communities.**

SBA is currently limiting consideration for advance grants to those who applied for EIDL assistance on or before December 27, 2020. This is to prioritize applicants who received capped advances or were unable to obtain an advance after funding ran out in July 2020. If you meet this description, do not submit a duplicate EIDL application. SBA will contact qualified applicants directly. If there is additional funding available once those applicants have been made whole, applicants who applied for EIDL assistance after December 27, 2020, will become eligible.

Eligibility for Emergency Advance Grant:

An entity is eligible for an EIDL emergency advance grant if it:

- Employs no more than 300 employees;
- Has suffered an economic loss greater than 30 percent;
 - Gross receipts must have declined at least 30 percent during an 8-week period between March 2, 2020, and December 31, 2021, relative to a comparable 8-week period immediately preceding March 2, 2020, or during 2019; and
- Is located in a low-income community, as defined for the new markets tax credit (NMTC) in [26 USC § 45D\(e\)](#):
 - (A) a population census tract for which the poverty rate is at least 20 percent, or
 - (B)
 - (i) in the case of a tract *not* located within a metropolitan area, the median family income for the tract does not exceed 80 percent of the statewide median, or
 - (ii) in the case of a tract located within a metropolitan area, the median family income for the tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.
 - You can review a map of NMTC-eligible census tracts [here](#).
- If an eligible entity has already received an EIDL emergency grant, it is now only eligible to receive the difference between \$10,000 and the amount it previously received. If an eligible applicant did not previously secure a grant before funding ran out, they are eligible for the full \$10,000.

Repeal of PPP forgiveness penalty. The COVID relief law repeals the *CARES Act* provision that required Paycheck Protection Program (PPP) borrowers to deduct the amount of their EIDL advance grant from their PPP forgiveness amount.

Overview:

The *CARES Act* made COVID-19-related economy injury an eligible expense for SBA's economic injury disaster loans and temporarily expanded eligibility for the loans. The law also established an EIDL emergency grant program, which allowed loan applicants to request an advance to keep employees on payroll, pay for sick leave, meet increased production costs caused by supply chain disruptions, or otherwise pay business obligations.

Due to high demand, the SBA limited COVID-related EIDLs to \$15,000 and emergency advance grants to \$1,000 per employee up to a statutory cap of \$10,000. The SBA announced over the summer that all available funds for the EIDL advance program had been allocated, and that it was unable to issue additional grants.

The COVID relief law allocates additional funding and makes eligibility changes to the EIDL emergency advance program, but not the loans themselves.

How to Apply:

- You can apply for an EIDL [online](#) with the SBA.
- **If you meet the new criteria**, when you apply, you can request an emergency advance of up to \$10,000. Because the SBA is working to restart the emergency advance program and screen for new eligibility criteria, please check the [SBA website](#) for updates on implementation.
 - The COVID relief law also extends the time for SBA to verify, approve, and disburse EIDL emergency advances, from three days to 21 days. You should therefore expect the review process to take longer than it did for the first round of emergency advance grants.
- You can visit an SBA resource partner who can help guide you through the loan application process. You can find your nearest Small Business Development Center (SBDC) or Women's Business Center [here](#).

Can I also apply for a PPP loan?

Yes; if you apply for an EIDL and the advance, you can still apply for a PPP loan. The COVID relief law also repeals the *CARES Act* provision that required PPP borrowers to deduct the amount of their EIDL advance from their PPP forgiveness amount. The SBA will issue rules that ensure PPP borrowers are made whole if they already received PPP forgiveness and had their EIDL advance deducted.

More Information:

For more information about SBA loan programs, please visit the [Small Business Administration](#). More information about small business programs in the CARES Act can be found on the U.S. Senate Committee on Small Business and Entrepreneurship [website](#).

If you need additional assistance, please reach out to your local [Small Business Development Center](#), [Women's Business Center](#), [SCORE](#) chapter, or [SBA District Office](#).